



## Whaleco Canada Inc. Report on Compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act

This report of Whaleco Canada Inc. (“**Whaleco Canada**”) operating as Temu Canada, is produced in accordance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) for the financial year ended December 31, 2023 (“Fiscal Year 2024”). The steps Whaleco Canada has taken during Fiscal Year 2024 to prevent and reduce the risk that forced labour or child labour is used at any step of goods imported into Canada by Whaleco Canada are described herein.

### STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

Whaleco Canada operates as Temu Canada, an online platform that connects third-party sellers with Canadian consumers. Through Temu Canada, customers can purchase a wide range of products, such as clothing, electronics, books, and household items, from local and international sellers.

By providing an online marketplace for third-party sellers, Whaleco Canada’s operations are supported by a global supply chain that involves the production, transportation, distribution, and delivery of the products sold on Temu Canada, as well as the provision of services and materials that support these activities. Whaleco Canada’s primary purpose is to facilitate the transactions between buyers and sellers on its Temu platform.

Whaleco Canada recognizes its responsibility to ensure that its activities and supply chain are free from forced labour and child labour, and is committed to complying with the Act and respecting human rights.

### POLICIES AND DUE DILIGENCE PROCESSES IN RELATION TO FORCED LABOUR AND CHILD LABOUR

Whaleco Canada is strongly concerned about and strictly prohibits the use of forced or child labour. We have continuously strengthened our compliance infrastructure and enhanced our internal processes to ensure that products offered on the platform are compliant and are not a product of unethical conduct or forced/child labour. As a result, Whaleco Canada has adopted a number of policies to help address the issue of forced labour within its supply chain:

Any third party on our platform must adhere to all applicable laws, regulations, and our Third Party Code of Conduct (“Code”) (see [here](#)), including compliance with internationally recognized human rights

principles. Our Code is prominently included within our rules center on the seller portal, and all sellers are instructed to review the Code and other documents in the rules center as the first step in conducting business with Whaleco Canada.

The Code strictly prohibits the use of forced or child labour and is binding on all sellers that use our platform. The Code also ensures that we work with suppliers who adhere to ethical sourcing practices and that the products sold on our platform comply with all applicable laws and regulations.

Third party vendors must also ensure that their suppliers strictly comply with the Code. Among other things, the Code requires sellers and their suppliers to: (i) pay their employees and contractors in a timely manner and in accordance with local wage laws; (ii) respect their employees' rights to freedom of association and to engage in collective bargaining without fear of retaliation; and (iii) ensure a safe and non-abusive working environment for their employees—this means that all facilities and places of manufacture meet applicable occupational, occupancy and fire codes and regulations.

Further, under the Code, all Whaleco Canada employees, contractors, sellers, suppliers, and other third parties are strictly prohibited from offering or accepting improper payments or benefits and engaging in any form of bribery or corruption.

As for ensuring product compliance, sellers are obligated to assist Whaleco Canada in adhering to all relevant laws, including responding to any of our compliance-related requests. Further, Whaleco Canada has implemented a Prohibited Product List which prohibits third party sellers from selling on the platform any goods prohibited by law or manufactured through unethical conduct or forced labour. This list identifies product categories that cannot be sold on our platform, including, among others, products prohibited by applicable laws and products supporting illegal activities. The Prohibited Product List is regularly updated to reflect changes in laws and ethical standards.

Upon identifying non-compliance with the Code or our Prohibited Product List, we engage with the third party seller to address the issues. If the third party seller fails to remediate the violations within a specified timeframe, we proceed with account termination and terminate our business relationship with the third party.

We regularly review our policies and enforcement mechanisms to adapt to new challenges and ensure the highest standards of ethical conduct.

We have implemented the below compliance programs to mitigate the risk that any goods sold on our platform are prohibited by law or manufactured or produced with unethical conduct or forced labour:

- **Seller Onboarding Verification:** We have a Seller Onboarding Verification process for prospective sellers. This ensures that only legitimate businesses are allowed to operate on our platform. As part of our verification process, we validate business licenses and legal entity information and prevent entities who do not comply with applicable laws from registering and conducting business on the Temu platform. We maintain detailed documentation of our screening and approval processes. This documentation is available for review to ensure

transparency and accountability in our operations. If we confirm that any third party has breached any applicable laws, for example, any laws related to forced labour or unethical conduct, we promptly terminate the business relationship with them, revoke their selling privileges and remove all suspected non-compliant products.

- **Seller and Product Compliance Requirements:** Any third party on Whaleco Canada's platform must adhere to all applicable laws, regulations, and our Code, including compliance with internationally recognized human rights principles. All products sold on our platform must be manufactured, produced, or provided in accordance with all applicable laws, regulations, and our Code. Sellers must support Whaleco Canada in complying with legal requirements, including responding and implementing our compliance-related requests.
- **Technological Tools and Features:** We leverage technological tools and features, including text, image, and video recognition software, to scrutinize product detail pages for any signs of non-compliance. If we identify products suspected of involving forced labour or human rights violations, we take immediate corrective actions, such as suspending or terminating product sales, and requesting sellers to provide procurement documents or other due diligence materials.
- **Product Inspections:** In addition to the technology features mentioned above, our team also conducts random inspections of products on our platform. This includes a detailed examination of product labels, origin, and physical samples. Upon identifying products that potentially involve forced labour or human rights violations, we take immediate corrective actions. Immediate steps include suspending sales, terminating listings, and demanding comprehensive procurement documents and other due diligence materials from the sellers involved.
- **Reporting and Monitoring System:** We also operate and maintain a robust reporting and monitoring system for our products, which includes online reporting channels and online customer support. We assess credible allegations or reports related to violations of applicable laws, regulations, and any of our policies, especially those related to forced labour and human rights violations. For products suspected of non-compliance, we take immediate corrective actions, such as suspending or terminating product sales and requesting sellers to provide procurement documents or other due diligence files. We also encourage transparency and accountability by allowing third party vendors to report any Code violations anonymously via email or written communication to our ethics team or Legal Department.
- **Dedicated Teams and Complaint Management:** Additionally, Whaleco Canada has dedicated internal and external teams that are tasked with investigating and resolving complaints from consumers, regulators, and intellectual property rights holders concerning products sold on our platform. These teams address complaints submitted on an array of grounds, including allegations that products are dangerous, of substandard quality or non-compliant. To the extent consumers, suppliers, or others have any complaints concerning forced labour practices, the complaint mechanism is available to address such concerns. In addressing these complaints, Whaleco Canada has several remediation options at its disposal. For instance, we will suspend or terminate such sellers and facilitate or conduct product recalls if we receive credible reports of prohibited practices.

In addition to the procedures listed above, Whaleco Canada reserves the right to inspect manufacturing facilities, warehouses, and other places in the supply chain in order to ensure compliance with the Code and applicable law.

We are committed to regularly updating our internal procedures and compliance programs to reflect the latest best practices and to ensure ethical sourcing practices on our platform.

#### PARTS OF THE BUSINESS AND SUPPLY CHAINS THAT CARRY A RISK OF FORCED LABOUR OR CHILD LABOUR BEING USED AND THE STEPS IT HAS TAKEN TO ASSESS AND MANAGE THAT RISK

Whaleco Canada is strongly opposed to and forbids the use of child or forced labour. Though Whaleco Canada has not engaged in a formal audit of its supply chain with regards to forced labour or child labour, as stated in this report, Whaleco Canada has undertaken a number of initiatives to support efforts to eliminate forced labour and child labour in its supply chain. For example, we have our Third Party Code of Conduct in place, which prohibits forced labour and child labour. This Code applies to all sellers who want to sell on our platform. Furthermore, we have an effective reporting and monitoring system – if we become aware of reliable allegations concerning breaches of our Third Party Code of Conduct and/or applicable law, we have the right to investigate, and, if necessary, end the relationship with the seller. We also have the right to inspect manufacturing facilities, warehouses, and other places in the supply chain to ensure they comply with our Third Party Code of Conduct and applicable law.

By implementing these procedures, we aim to ensure that any issues related to forced or child labour are addressed promptly and effectively, reinforcing our commitment to ethical business practices and compliance with applicable laws.

#### MEASURES TAKEN TO REMEDIATE ANY FORCED LABOUR OR CHILD LABOUR

Whaleco Canada has not identified any instances of forced labour or child labour in its activities or supply chain, and therefore has not taken any remediation measures. As outlined in this report, we strictly prohibit the use of forced or child labour and we maintain an ongoing commitment to continue enhancing our compliance infrastructure. If we suspect or identify instances of forced or child labour, we will not hesitate to remove any products under suspicion from the platform and hold related parties in the supply chain accountable for known violations of Whaleco Canada's policies through, for instance, removing implicated products and prohibiting involved suppliers from using the platform.

Please refer to the above responses on the policies and procedures we have in place to prevent and detect cases of forced or child labour.

## MEASURES TAKEN TO REMEDIATE THE LOSS OF INCOME TO THE MOST VULNERABLE FAMILIES THAT RESULTS FROM ANY MEASURE TAKEN TO ELIMINATE THE USE OF FORCED LABOUR OR CHILD LABOUR IN ITS ACTIVITIES AND SUPPLY CHAINS

Whaleco Canada has not identified any instances where measures are required to remediate the loss of income to the most vulnerable families resulting from measures to eliminate the use of forced labour or child labour in our activities.

## TRAINING PROVIDED TO EMPLOYEES ON FORCED LABOUR AND CHILD LABOUR

Our Code is prominently featured in our rules center on the seller portal and is made available to employees. We continuously instruct and remind our sellers and employees that when conducting business on Temu, adherence to all documents in the rules center is paramount.

## HOW WE ASSESS EFFECTIVENESS IN ENSURING THAT FORCED LABOUR AND CHILD LABOUR ARE NOT BEING USED IN OUR BUSINESS AND SUPPLY CHAINS.

Please refer to the above responses on the policies and procedures we have in place to reduce the risks that goods sold on our platform are produced with forced or child labour. For instance, our Third Party Code of Conduct, Prohibited Product List and our random product inspections. These processes and procedures help Whaleco Canada assess its effectiveness in combatting forced labour and child labour.

## APPROVAL & ATTESTATION

This Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Whaleco Canada Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Whaleco Canada Inc. above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Whaleco Canada Inc.

Full name: Qin Sun

Title: Director of Whaleco Canada Inc.

Date: May 31, 2024

Signature:

